

Message Text

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TO AMEMBASSY PHNOM PENH

C O N F I D E N T I A L STATE 175346

AIDAC

FOLLOWING REPEAT OF PHNOM PENH 3833 OF AUGUST 5 1971 PER YOUR
REQUEST

QUOTE

STATE/AID/DEFENSE

SUBJ: POL FOR FANK

REF: STATE 135521

1. FANK ABOUT ONCE EVERY THREE OR FOUR WEEKS SUBMITS AN
ESTIMATE OF ITS MONTHLY POL REQUIREMENTS TO TELA KHMER.
TELA KHMER THEN BLENDS THESE ESTIMATES WITH THOSE SUBMITTED BY
THE OIL COMPANIES AND BUYS ALL OF CAMBODIA'S POL ON A
COMMINGLED BASIS.

2. UPON DELIVERY IN CAMBODIA, ALL THE POL IS UNLOADED INTO
THE STORAGE FACILITIES OF THE THREE PRIVATE COMPANIES. THE POL
IS DISTRIBUTED FOR MILITARY USE AS FOLLOWS:

A. PART (WE DO NOT YET HAVE THE AMOUNTS) IS TRANSFERRED
FROM THE TANKS OF THE OIL COMPANIES DIRECTLY TO FOUR FACILITIES
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OF FANK, THE LARGEST ONE WITH A CAPACITY OF 1500 CUBIC

METERS BEING IN PHNOM PENH. THESE DRAWINGS ARE MADE ON THE BASIS OF NEED AND NOT RPT NOT ON THE BASIS OF THE ESTIMATES SUBMITTED. SIMILARLY FANK IS BILLED BY TELA KHMER ON THE BASIS OF THE SUPPLIES ACTUALLY DRAWN FROM THE COMPANIES' TANKS RATHER THAN IN ACCORDANCE WITH THE ESTIMATES TRANSMITTED TO TELA KHMER. FANK ISSUES POL TO MILITARY END USERS DIRECTLY FROM THESE FACILITIES. STOCKS HELD BY FANK IN THESE TANKS ARE REPLENISHED FROM THE COMPANIES' STORAGE FACILITIES. FANK ALSO OPERATES A RETAIL STATUION IN PHNOM PENH FOR ITS EXCLUSIVE USE.

B. THE REMAINDER IS DRAWN DIRECTLY BY MILITARY END USERS FROM TWO DESIGNATED TELA KHMER STATIONS IN PHNOM PENH AND SEVERAL OTHERS IN THE PROVINCES. THESE STATIONS SERVE BOTH CIVILIAN AND MILITARY CUSTOMERS AND RECEIVE THEIR SUPPLIES DIRECTLY FROM TELA KHMER. THE LATTER GIVE CHITS TO THE STATION OPERATORS AND TELA KHMER BILLS FANK ACCORDINGLY. FANK'S ESTIMATES OF MILITARY POL REQUIREMENTS TRANSMITTED TO TELA KHMER TAKE INTO ACCOUNT POL DISTRIBUTED TO FANK USERS THROUGH THE TELA KHMER STATIONS.

3. WE WOULD THUS SUMMARIZE THE SITUATION IN TERMS SOMEWHAT DIFFERENT THAN THOSE OF PARA 2 OF REFTTEL. TELA KHMER IN PURCHASING POL DOES HAVE BEFORE IT ESTIMATES OF FANK REQUIREMENTS AS INDEED IT MUST IN ORDER TO BE ABLE TO MAKE A REASONABLE CALCULATION OF TOTAL DEMAND. HOWEVER, IT DOES NOT RECEIVE OR EXECUTE ORDERS FOR FANK AND ALL MILITARY AND CIVILIAN POL IS COMMINGLED BOTH AT THE ORDERING STAGE AND AT THE INITIAL RECEIPT AND STORAGE STAGE. FANK POL IS TO SOME DEGREE EGREGATED AT THE RETAIL STAGE, BUT ONLY ON THE BASIS OFURRENT DEMAND AND NOT RPT NOT ON THE BASIS OF OGND.(;) ACTUAL FANK POL CONSUMPTION ONLY BECOMES KNOWN WHEN (I) SUPPLIES ARE TRANSFERRED TO FANK'S FACILITIES AND (II) THE VOLUME OF POL PRODUCTS PURCHASED AT THE DESIGNATED TELA KHMER STATIONS IS TABULATED.

4. FANK HAS APPARENTLY NOT PAID TELA KHMER FOR POL PURCHASED FOR FANK SINCE EARLY THIS YEAR, HOPING THAT IT WILL BE ABLE TO REPLENISH IN KIND FROM US ASSISTANCE THE POL CONSUMED BY FANK DURING THIS PERIOD.

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TM FANK USES MOGAS, AUTO DIESEL, AV/15 AND JP-4 FUELS. JP-4 IS CONSUMED IN CAMBODIA EXCLUSIVELY BY FANK. THE OTHER PRODUCTS GO TO BOTH CIVILIAN AND MILITARY CUSTOMERS. BETWEEN MARCH 2 AND JUNE 30, FANK USED DOLS 19,985 OF JP-4 AND DOLS 627,192 OF OTHER POL PRODUCTS. FOR THE PERIOD JULY 1, 1971 TO JUNE 30, 1972, FANK ESTIMATES ITS TOTAL POL REQUIREMENTS AT DOLS 2,083,076 OF WHICH DOLS 120,000 IS FOR JP-4. (WE THINK THE DOLS 2 MILLION FIGURE IS LOW, GIVEN THE SHARP INCREASE IN TRUCK FLEET EXPECTED).

ENDERS

(:) AS RECEIVED
UNQUOTE RUSH

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